Labour Market Notes

Job creation powers on for second straight month

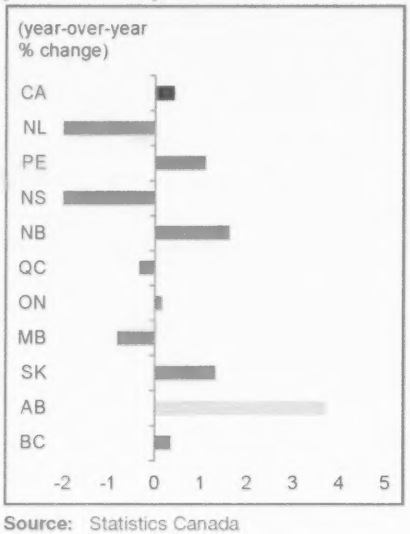
Alberta

- Job growth surges again. Alberta employment jumped by 9,400 in June, building on the strong gains so far in 2014. This was the highest monthly gain across all the provinces.
- New positions in full-time and self-employment. The increase was in self-employment (+14,100) and, to a lesser extent, in the public sector (+800), while the private sector lost 5,500 jobs. Employment in full-time positions jumped by 19,500, more than offsetting a fall in part-time employment (-10,100). June's full-time job gain builds on the full-time gains of the previous month.
- Year-over-year job growth leads all provinces. Since June 2013, Alberta has added 81,800 jobs (+3.7%). Over the same period, the rest of Canada lost jobs.
- Unemployment rate moves higher. Alberta's unemployment rate increased by 0.3 percentage points to 4.9% in June. The increase in unemployment was the result of a greater number of individuals entering the labour force (17,300) than the number of jobs created in June.
- Goods industries buoy job gains. The goods-producing industries added jobs (+29,600), led by construction (+23,100), and manufacturing (+8,100). Employment in forestry, fishing, mining, and oil and gas fell by 5,100. Conversely, the service-producing industry lost 20,200 jobs in June. Accommodation and food services lost the most jobs (-16,900), followed closely by trade (-15,100).
- Weekly earnings growth picks up. Average weekly earnings rose to $1,142 in April, a 4.3% year-over-year increase.

Canada

- Canada loses jobs. Employment shrank by 9,400 jobs in June, after increasing 25,800 jobs in May. The contraction stemmed from part-time employment (-43,000), while full-time employment increased by 33,500. Both the service-producing sector (-6,100) and the goods-producing sector (-3,200) lost jobs. On the bright side, there were some large gains across industries with construction adding 31,800 jobs and other services adding 20,800 jobs. Over the past 12 months, Canada has added 72,300 jobs, amounting to only 0.4% growth.
- Unemployment rate ticks up. The Canadian unemployment rate was 7.1% in June, up 0.1 percentage points from May, as a result of more people joining the labour force and overall job losses.
- Average earnings rise. Canadian average weekly earnings were $932 in April, a 0.5% increase over March and 3.3% higher than April 2013.

Employment Growth by Province, June 2014 vs. June 2013



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,284,100
month-over-month change	+9,400
year-over-year % change	3.7%
Alberta Unemployment Rate (UR)	4.9%
Edmonton UR**	5.5%
Calgary UR**	5.4%
Participation Rate	73.2%
Average Weekly Earnings (AWE)	$1,141.70
year-over-year % change	4.3%
Average Hourly Wage	$28.22
year-over-year % change	1.8%
Job Vacancy Rate**	2.3%

Source: Statistics Canada

* All data is from the Labour Force Survey for June except AWE, which is from the April Survey of Employment, Payrolls and Hours (SEPH), and the job vacancy rate is for March.

** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

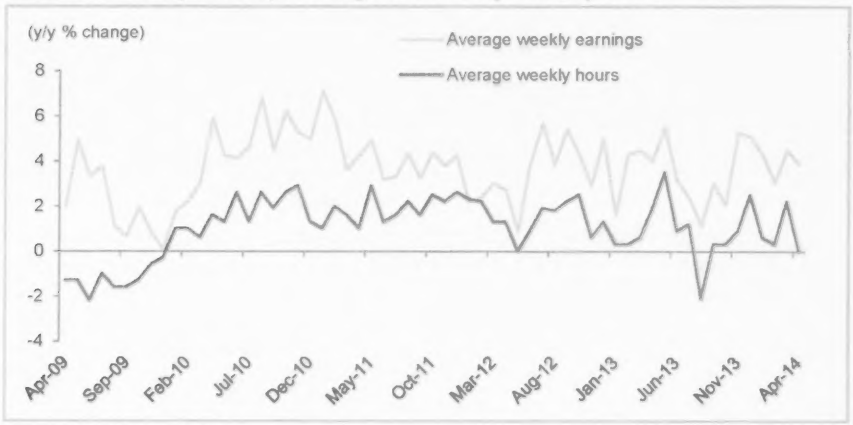
How do hours worked affect earnings growth?

While the growth in the wage rate does have a substantial impact on earnings growth, it is not the only factor that determines average weekly earnings (AWE). Growth in average weekly hours and compositional factors in the labour market, including industry composition and the breakdown of full-time versus part-time employment, also affect average weekly earnings growth.

Hours worked buoyed by overtime

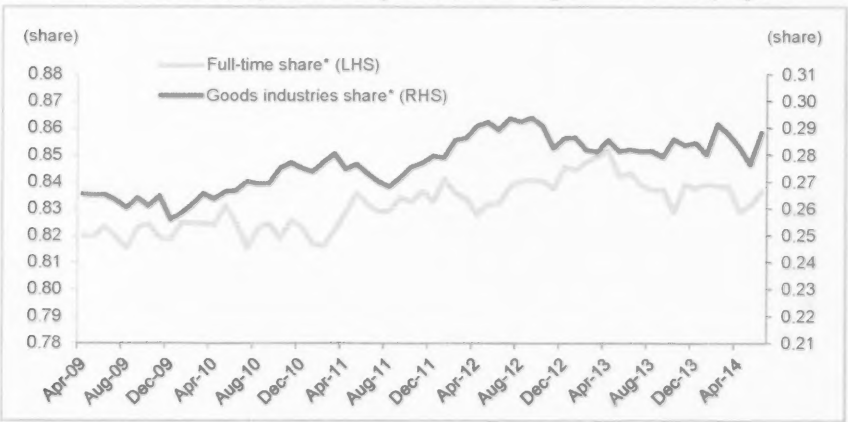
Average weekly hours have increased by 5.9% since April 2009. Albertans, on average, work roughly 32 hours per week; the Canadian average currently sits at around 30 hours per week. Overtime hours, which have increased by 50% to 1.8 hours per week in Alberta, have helped fuel the growth in weekly hours. Overtime contributes to earnings growth in two ways: through increasing hours worked and by the higher wage paid for overtime.

Chart 1: Weekly earnings and hours growth move in tandem
Growth in average weekly earnings and average weekly hours



Source: Statistics Canada

Chart 2: Changing employment composition contributes to earnings growth
Share of full-time employment and goods-producing industries employment*



Source: Statistics Canada, Labour Force Survey

Growing share of full-time employment moves average weekly earnings higher

Until recently, the growing share of full-time employment has contributed to earnings growth in the province. Full-time workers usually have higher earnings than part-time workers because they work more hours, which helps propel AWE higher. The share of full-time positions in Alberta has increased by 1.2 percentage points to over 82% while part-time employment has fallen over the past 5 years.

Goods industries job growth also adds to earnings growth

Over the past 5 years, the share of employment in the goods-producing industries has increased by 10.3% and its average weekly hours has increased by 7.2%. Goods-producing industry workers work more hours and receive higher earnings on average, adding to AWE growth. Also, the majority of the goods industries' growth in hours was from growth in overtime, which again is associated with higher pay.

Summary

Growth in the wage rate is not the only driver of growth in AWE. Growth in average weekly hours, and specifically overtime hours, contributes as well. Compositional effects of employment are also playing their part. The growing share of employment in the goods-producing industries increases both average hours and earnings, and has contributed to overall earnings growth. A larger share of full-time workers have also played a part in AWE growth.

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